

Trafalgar House Property Limited

Financial statements 31 December 2003
together with directors' and auditors' reports

Registered number: 582147



Trafalgar House Property Limited

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities and business review

The Company's principal activity is as a holding company for subsidiaries engaged in real estate activities.

Financial statements and dividend

The financial statements of the Company appear on pages 3 to 10, inclusive.

The result for the year is set out in the profit and loss account on page 3. Retained profits of £2,070,559 (2002 - loss £3,302,324) have been transferred to reserves.

The Company has a deficit on its profit and loss account. Consequently, no dividend may be paid.

Directors

Shown below are the Directors who served during the year and those who continue in office at the date of this report.

F.E. Fosse
R. Laycock

Directors' interests

No Director has, or during the year had, any interest in the shares of the Company or any other company within the same group to be disclosed in terms of the Companies Act 1985. The Directors are exempt from disclosing their interest, if any, in the shares of the ultimate parent company as it is incorporated outside of Great Britain.

Annual general meeting

The Company has dispensed with the laying of accounts and reports before the Company in general meeting and the holding of annual general meetings.

Auditor

KPMG Audit Plc has signified its willingness to continue in office.

Pursuant to a shareholders' resolution, the Company is not obliged to re-appoint its auditor annually and KPMG Audit Plc is, therefore, deemed re-appointed as auditor for the succeeding year.

By order of the Board,

Rufus Laycock

Rufus Laycock
Secretary

Date: 23rd August 2004.

Registered Office:
68 Hammersmith Road
London W14 8YW

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Trafalgar House Property Limited

We have audited the financial statements on pages 3 to 10.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 1 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

18 October 2004

Trafalgar House Property Limited

Profit And Loss Account for the Year Ended 31 December 2003

	Note	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Turnover			
Continuing operations		-	-
Net operating expenses	2	4,594,427	(555,444)
		<hr/>	<hr/>
Operating profit/(loss) - continuing operations		4,594,427	(555,444)
Interest receivable and similar income	3	10,133,254	9,110,054
Interest payable and similar charges	4	(12,657,122)	(11,856,934)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	5	2,070,559	(3,302,324)
Taxation - on profit/(loss) on ordinary activities	6	-	-
		<hr/>	<hr/>
Retained profit/(loss) for the financial year	12	<u>2,070,559</u>	<u>(3,302,324)</u>

The notes on pages 5 to 10 inclusive form part of this profit and loss account.

The Company has no recognised gains or losses other than the profit/(loss) for the current and prior financial years. Accordingly, a statement of total recognised gains or losses has not been prepared.

The only movement in shareholders' funds is the profit for the financial year. Accordingly, a statement reconciling the movement in shareholders' funds has not been prepared.

Trafalgar House Property Limited

Balance Sheet at 31 December 2003

	Note	31 December 2003		31 December 2002	
		£	£	£	£
Fixed assets					
Investments	7		262,306,545		257,105,121
Current assets					
Debtors	8	410,256,417		401,419,701	
Cash at bank and in hand	9	<u>125,266</u>		<u>208,143</u>	
		<u>410,381,683</u>		<u>401,627,844</u>	
Creditors: Amounts falling due within one year:					
Amount owed to intermediate parent undertaking		(2,345,617)		(2,345,617)	
Amounts owed to subsidiary undertakings		(266,985,883)		(263,626,112)	
Amounts owed to fellow subsidiary undertakings		(241,210,894)		(233,252,826)	
Accruals and deferred income		(275,313)		(275,313)	
Taxation and social security		<u>-</u>		<u>(40,132)</u>	
		<u>(510,817,707)</u>		<u>(499,540,000)</u>	
Net current liabilities			<u>(100,436,024)</u>		<u>(97,912,156)</u>
Total assets less current liabilities			161,870,521		159,912,965
Provisions for liabilities and charges	10		<u>(27,482,595)</u>		<u>(26,875,598)</u>
Net assets			<u>134,387,926</u>		<u>132,317,367</u>
Capital and reserves					
Called up equity share capital	11		435,130,000		435,130,000
Profit and loss account - (deficit)	12		<u>(300,742,074)</u>		<u>(302,812,633)</u>
Equity shareholders' funds			<u>134,387,926</u>		<u>132,317,367</u>

The notes on pages 5 to 10 inclusive form part of this balance sheet.

The financial statements were approved by the Board of Directors on 23rd August 2004 and signed on its behalf by:

Rufus Laycock

R. Laycock
Director

Notes to accounts
31 December 2003

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified for the revaluation of certain fixed assets.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 (revised) not to produce a cash flow statement. The appropriate amounts have been included in the consolidated financial statements of Kværner ASA.

(c) Related parties

As the Company is a wholly owned subsidiary of Aker Kvaerner PLC, the Company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Aker Kvaerner PLC, within which this Company is included, can be obtained from the address given in note 13.

(d) Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

(e) Fixed asset investments

Shares in subsidiary undertakings are stated at the lower of cost and net asset value prior to provisions for any net liabilities.

Shares in associated undertakings are stated at the Company's share of their net asset value. Other investments are stated at cost less amounts written off.

(f) Revaluation reserve

Surpluses and deficits arising on the revaluation of tangible fixed assets are transferred to a non distributable reserve known as the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent, in which case it is charged (or credited) to the profit and loss account. In accordance with FRS3, the profit or loss on sale of a tangible fixed asset is the difference between the disposal proceeds and the carrying value of the asset, including any revaluation. Any amount in the revaluation reserve relating to such an asset is transferred directly to the profit and loss reserve and is not included in the profit for the financial year.

Notes to accounts (continued)
31 December 2003

2. Net operating expenses

Included in net operating expenses are items relating to:

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Reversal of amounts written off investments in prior periods	5,201,424	3,579,573
Provision for losses of subsidiary undertakings	(607,000)	(4,135,000)
Provision for losses of associated undertakings not required/(required)	3	(16)
Amount written off investments in unlisted companies	-	(1)

3. Interest receivable and similar income

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Amounts derived from group undertakings	10,130,190	9,105,619
Other	3,064	4,435
	<u>10,133,254</u>	<u>9,110,054</u>

4. Interest payable and similar charges

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Interest payable to subsidiary undertaking	4,689,049	3,654,969
Interest payable to fellow group undertakings	7,968,073	8,201,965
	<u>12,657,122</u>	<u>11,856,934</u>

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2003

5. Profit/(Loss) on ordinary activities before taxation

There were no employees of the Company during the year (2002 – Nil). Administration expenses and auditors remuneration were borne by Kvaerner Estates Limited, a subsidiary undertaking.

Neither of the Directors received any emoluments from the Company during the year (2002 – £Nil).

6. Taxation - on profit/(loss) on ordinary activities

The tax assessed for the year is lower (2002 – higher) than the standard rate of corporation tax in the UK. The differences are as follows:-

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Profit/(loss) on ordinary activities before taxation	2,070,559	(3,302,324)
Taxation charge/(credit) at UK Corporation Tax rate of 30% (2002:30%)	621,168	(990,697)
Effects of		
Group relief for which no payment is made	757,160	(272,427)
Non – taxable income	(1,378,328)	-
Expenditure not deductible for tax purposes	-	1,263,124
Actual tax charge per accounts	-	-

Factors affecting future tax charges

It is anticipated that any future taxable income in this Company will be sheltered from tax by utilisation of group relief from other Group companies, and where possible, the use of the Group's tax losses arising in prior years.

The Aker Kvaerner PLC UK tax group has brought forward tax losses estimated at £230M and surplus Advance Corporation Tax of approximately £194M.

There is no potential liability to deferred taxation (2002 – £Nil).

Trafalgar House Property Limited

Notes to accounts (continued) 31 December 2003

7. Fixed assets - Investments

	31 December 2003 £	31 December 2002 £
Shares in subsidiary undertakings	262,306,543	257,105,119
Shares in associated undertakings	2	2
Other - unlisted	-	-
	<u>262,306,545</u>	<u>257,105,121</u>

Subsidiary undertakings:

£

At 1 January 2003 (cost £436,504,305) 257,105,119

Reversal of amounts written off investments in prior periods 5,201,424

At 31 December 2003 (cost £436,504,306) 262,306,543

Investments in subsidiary undertakings are stated at the lower of cost and net asset value prior to provisions for any net liabilities (Note 10).

The value of the investment in subsidiary undertakings based on the equity method of valuation is £323,803,836 (2002 - £322,373,326).

Listed below are the Company's subsidiary undertakings. These subsidiary undertakings are, unless otherwise stated, wholly-owned, incorporated in Great Britain and carry on their activities in the country of incorporation.

	Activity
Albion Land Holdings Limited	Dormant
Beric Developments Limited	Dormant
Brookmount Trocoll Limited	Real estate
Builders Amalgamated Co. Limited	Dormant
Chiswick Park Limited	Dormant
Covenant Guarantors Limited	Dormant
Cowley Park Developments Limited	Dormant
Davy Monk Developments Limited	Dormant
Davy Property Holdings Limited	Real estate
Davy Property Investments Limited	Dormant
Goldquill Investments Limited	Dormant
Goldquill Properties Limited	Dormant
Gunnersbury & Chiswick Estates Limited	Dormant
Hayward Industrial Developments (Birmingham) Limited	Dormant
Industrial Development (Halesowen) Limited	Dormant
Kvaerner Estates Limited	Real estate
Kvaerner International S.A. (France)	Real estate
Landsbrook Estates Limited	Not trading
Marston House Limited	Dormant

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Notes to accounts (continued) 31 December 2003

7. Fixed assets - Investments (continued)

Nativesafe Limited	Dormant
Oakimber Limited	Dormant
St. Brides Property Company Limited	Dormant
T.H.M. Developments Limited	Dormant
Trafalgar House Baltic Limited	Dormant
Trafalgar House Brooklands Limited	Intermediate holding company
Trafalgar House Business Parks Limited	Real estate
Trafalgar House Developments Limited	Real estate
Trafalgar House Management Limited	Not trading
Uptonheath Properties Limited	Dormant
Wine Office Court Limited	Dormant

<i>Associated undertakings:</i>	£
At 1 January 2003 (cost £260,000) and 31 December 2003 (cost £260,000)	<u>2</u>

Listed below are the associated undertakings, which are incorporated in Great Britain, registered in England and Wales. Both of these associated undertakings were previously engaged in property development. In each case the associated undertakings no longer pursue development opportunities.

	Percentage held of ordinary shares
St. Mary Axe Developments Limited	50
Lee Valley Developments Limited	50

8. Debtors

	31 December 2003 £	31 December 2002 £
Amounts falling due within one year:		
Amount owed by immediate parent undertaking	47,057,943	47,057,943
Amounts owed by subsidiary undertakings	1,795,815	1,795,815
Amounts owed by fellow subsidiary undertakings	340,899,368	332,069,281
Amounts owed by associated undertakings	20,496,381	20,496,381
Prepayments and accrued income	154	281
Taxation and social security	6,756	-
	<u>410,256,417</u>	<u>401,419,701</u>

Notes to accounts (continued)

31 December 2003

9. Cash at bank and in hand

The cash and bank balance are deposits held in bank sub-accounts that are part of a group pooling system. Other Kvaerner Group companies may have withdrawn amounts deposited on such bank sub-accounts, such that the net balance on the accounts may be less than the reported balance. The bank has at any time a right of set-off in respect of any debit balance on any sub-account, towards satisfaction of any credit balance on other sub-accounts, in which case any debit balance represents a receivable from the Kvaerner Group and any credit balance represents borrowings from the Kvaerner Group.

10. Provisions for liabilities and charges

	£
At 1 January 2003	26,875,598
Provisions for deficiencies of assets of subsidiary and associated undertakings	606,997
At 31 December 2003	<u>27,482,595</u>

Analysis:

Provision for deficiency of assets of subsidiary undertakings	6,987,779
Provision for deficiency of assets of associated undertakings	20,494,816
	<u>27,482,595</u>

11. Called up equity share capital

	31 December 2003	31 December 2002	31 December 2003	31 December 2002
	£	£	£	£
2,175,650,000 ordinary shares of 20p each	<u>435,130,000</u>	<u>435,130,000</u>	<u>435,130,000</u>	<u>435,130,000</u>

12. Reserves

	Profit and Loss Account £
At 1 January 2003 - (deficit)	(302,812,633)
Retained profit for the financial year	<u>2,070,559</u>
At 31 December 2003 - (deficit)	<u>(300,742,074)</u>

13. Ultimate parent company and parent undertaking of larger group of which the Company is a member

Aker Kvaerner PLC, which is registered in England and Wales, heads the smallest group in which the results of the Company are consolidated.

The ultimate parent company at 31 December 2003 was Kværner ASA (formerly Aker Kværner ASA), a company incorporated in Norway, which heads the largest group in which the results of the Company are consolidated. Subsequent to the year-end the largest investor in Kværner ASA acquired additional shares in that company with the consequence that at the date of approval of these financial statements TRG AS, a company incorporated in Norway, is to be regarded as the Company's ultimate parent company.

Copies of the respective financial statements can be obtained from Aker Kvaerner PLC at Kvaerner House, 68 Hammersmith Road, London W14 8YW.